

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 769 - SB 1458

March 27, 2011

SUMMARY OF BILL: Authorizes a municipal legislative body to approve the acquisition of a public facility that is acquired, improved, or constructed by a third party, including a private entity. Authorizes municipalities to issue revenue bonds to finance such acquisitions and any costs related to issuance. Authorizes bonds to be additionally secured by the full faith and credit of the issuing municipality.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds \$100,000/Permissive

Increase Local Expenditures – Exceeds \$200,000/Permissive/FY11-12

Exceeds \$100,000/Permissive/FY12-13 and

Subsequent Years

Assumptions:

- According to the Comptroller of the Treasury, the provisions of this bill will authorize municipal governments to acquire public facilities without the \$25,000,000 limitation established in Tenn. Code Ann. §7-32-101(d) thereby authorizing the purchase of water and sewer lines, roads, and electrical infrastructure from any size development.
- Based on information provided by the Comptroller, municipalities will purchase infrastructure built by a developer at a one-time cost exceeding \$100,000. Municipalities will also realize a recurring increase in expenditures that exceed \$100,000 beginning in FY11-12 due to debt service on revenue bonds used to purchase the public facility.
- Based on information provided by Comptroller, municipalities will receive increased revenue from the special property assessment that will be made on the public facility property that exceeds \$100,000.
- An unknown number of municipalities will utilize this legislation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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